

*Annual Report of*

**Matachewan Consolidated Mines,  
Limited**



*For the Year Ended December 31, 1978*

**ANNUAL MEETING MAY 8, 1979**

# Matachewan Consolidated Mines, Limited

## DIRECTORS

PAUL H. McCLOSKEY  
H.P. McCLOSKEY  
A.D. HELLENS  
D.W. FALCONER  
R. DUNCAN McCLOSKEY

## OFFICERS

*President* ..... PAUL H. McCLOSKEY  
*Vice-President* ..... H.P. McCLOSKEY  
*Secretary* ..... D.W. FALCONER  
*Treasurer* ..... S. CZARNECKI

## TRANSFER AGENT AND REGISTRAR

CROWN TRUST COMPANY, Toronto, Ontario

## AUDITORS

RUBINOVICH, NEWTON & BACK

## HEAD OFFICE

Room 800, 11 Adelaide St. West, Toronto, Ont. M5H 1L9

The Annual Meeting of the Shareholders of the Company will be held in the Head Office, Suite 800 — 11 Adelaide St. West, Toronto, on Tuesday, May 8, 1979, at the hour of 10:00 o'clock in the morning (Toronto Time).

# Matachewan Consolidated Mines, Limited

## *Directors' Report*

### TO THE SHAREHOLDERS:

Your Directors submit the Annual report including the Auditors' financial statement, covering the year ended December 31, 1978.

There were no significant changes in the overall position of the Company in the 1978 fiscal year.

During the year Matachewan entered into an agreement with Texasgulf Canada Ltd. involving the McVicar Crown Grants and surrounding property staked by Texasgulf. The agreement enables Texasgulf to earn a 70% interest in the property with an expenditure of \$700,000 prior to May 1, 1985. Matachewan maintains a 10% carried interest with an option to acquire a participating interest of 30%.

All other properties were maintained during the year.

At the time of writing this report Matachewan has committed itself to a small share of several oil and gas exploration joint ventures.

On behalf of the Board,

P.H. McCLOSKEY,  
President.

Toronto, Ontario,  
March 22, 1979.



# Matachewan Consolidated

(Incorporated under the laws of the Province of Ontario)

## Statement of Financial Position

AT DECEMBER 31, 1978

| ASSETS                               |    | <u>1978</u>    | <u>1977</u>       |
|--------------------------------------|----|----------------|-------------------|
| <b>CURRENT</b>                       |    |                |                   |
| Cash .....                           | \$ | 2,049          | 6,191             |
| <b>INVESTMENTS</b>                   |    |                |                   |
| Marketable securities (note 2) ..... |    | 360,544        | 359,344           |
| <b>MINING PROPERTIES</b>             |    |                |                   |
| Mining claims .....                  |    | 23,312         | 20,911            |
| Property & equipment .....           |    | <u>1</u>       | <u>1</u>          |
|                                      | \$ | <u>385,906</u> | <u>\$ 386,447</u> |

The accompanying notes are an integral part of these financial statements.

**AUDITOR'S REPORT**

To the Shareholders of  
Matachewan Consolidated Mines Limited  
Toronto, Ontario:

We have examined the statement of financial condition of MATACHEWAN CONSOLIDATED MINES LIMITED and the statements of income and deficit and changes in financial position for the years ended December 31, 1978 and 1977, with generally accepted auditing standards and accordingly include our opinion thereon.

In our opinion these financial statements present fairly the financial position of the company at the end of the year then ended and the changes in its financial position for the year then ended on a basis consistent with that of the preceding year.

TORONTO, February 21, 1979

# ated Mines, Limited

(laws of Ontario)

## ncial Condition

R 31, 1978

### LIABILITIES

|   | <u>1978</u>  | <u>1977</u>   |
|---|--------------|---------------|
| <b>CURRENT</b>                            |              |               |
| Accounts payable & accrued expenses ..... | 650          | 500           |
| Loan payable .....                        | <u>6,891</u> | <u>20,000</u> |
|   | <u>7,541</u> | <u>20,500</u> |

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK

##### Authorized

\$7,000,000 common shares of no par value

##### Issued & fully paid

5,923,250 common shares for ..... 1,179,433 1,179,433

#### DEFICIT

balance, end of the year ..... 801,068 813,486

378,365 365,947

\$ 385,906 \$ 386,447

APPROVED ON BEHALF OF THE BOARD:

P.H. McCloskey, Director

D. W. Falconer, Director

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cial statements.

#### REPORT

EWAN CONSOLIDATED MINES LIMITED at December 31, 1978  
for the year then ended. Our examination was made in accordance  
n tests and other procedures as we considered necessary in the cir-

osition of the company at December 31, 1978 and the results of its  
in accordance with generally accepted accounting principles applied

CHARTERED ACCOUNTANTS

RUBINOVICH, NEWTON & BACK  
Chartered Accountants

# Matachewan Consolidated Mines, Limited

## *Statement of Income and Deficit*

FOR THE YEAR ENDED DECEMBER 31, 1978

|   | 1978              | 1977              |
|---|-------------------|-------------------|
| <b>INCOME</b>   |                   |                   |
| Dividends received .....  | 18,444            | 7,249             |
| Interest income .....   | 33                | 3,550             |
| Sundry income .....   | <u>5,000</u>      | <u>          </u> |
|   | <u>23,477</u>     | <u>10,799</u>     |
| <b>EXPENSES</b>   |                   |                   |
| Office & corporate .....  | 6,892             | 5,526             |
| Licences & taxes .....  | 3,166             | 3,201             |
| Deferred development & exploration costs<br>& mining claims written off ..... |                   | 22,986            |
| Legal & audit fees .....  | <u>1,001</u>      | <u>535</u>        |
|   | <u>11,059</u>     | <u>32,248</u>     |
| <b>NET INCOMES (LOSS) (note 3)</b>  | 12,418            | (21,449)          |
| <b>DEFICIT, beginning of the year .....</b>                                   | <u>813,486</u>    | <u>792,037</u>    |
| <b>DEFICIT, end of the year .....</b>   | <u>\$ 801,068</u> | <u>\$ 813,486</u> |

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# Matachewan Consolidated Mines, Limited

## *Statement of Changes in Financial Position*

FOR THE YEAR ENDED DECEMBER 31, 1978

|  | 1978             | 1977               |
|--|------------------|--------------------|
| <b>SOURCE OF FUNDS</b>                                 |                  |                    |
| Net income for the year .....                          | 12,418           |                    |
| Items which do not require the use of working capital: |                  |                    |
| Deferred development & exploration costs               |                  |                    |
| & mining claims written off .....                      |                  | <u>22,986</u>      |
|  | <u>\$ 12,418</u> | <u>\$ 22,986</u>   |
| <b>APPLICATION OF FUNDS</b>                            |                  |                    |
| Net loss of the year .....                             |                  | 21,449             |
| Acquisition of investments .....                       | 1,200            | 74,517             |
| Acquisition of mining claims .....                     | 2,401            |                    |
| Increase (decrease) in working capital .....           | <u>8,817</u>     | <u>(72,980)</u>    |
|  | <u>\$ 12,418</u> | <u>\$ 22,986</u>   |
| <b>COMPONENTS OF WORKING CAPITAL</b>                   |                  |                    |
| <b>Increase (decrease) in current assets</b>           |                  |                    |
| Cash .....   | (4,142)          | 2,896              |
| Term deposits .....                                    |                  | (56,000)           |
| Sundry assets .....                                    |                  | <u>(176)</u>       |
|  | <u>(4,142)</u>   | <u>(53,280)</u>    |
| <b>Increase (decrease) in current liabilities</b>      |                  |                    |
| Accrued liabilities .....                              | 150              | (300)              |
| Loan payable .....                                     | <u>(13,109)</u>  | <u>20,000</u>      |
|  | <u>(12,959)</u>  | <u>19,700</u>      |
| <b>Increase (decrease) in working capital .....</b>    | <u>\$ 8,817</u>  | <u>\$ (72,980)</u> |

# Matachewan Consolidated Mines, Limited

## *Notes to the Financial Statements*

AT DECEMBER 31, 1978

### 1. ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant in the preparation of these financial statements.

#### (a) Mining Claims

Mining claims are recorded at cost and are written off at such time as the related properties are abandoned.

#### (b) Property & equipment

Property and equipment no longer used for operations is recorded at a nominal value of \$1.

#### (c) Income taxes

Due to the uncertainty of future mining income the company does not follow the tax allocation method of accounting whereby timing differences between reported income and taxable income may result in deferred income taxes.

### 2. MARKETABLE SECURITIES

Investments are recorded at cost. At December 31, 1978 the quoted market value was \$314,081 (1977 - \$300,988).

### 3. NET INCOME

No provision for income taxes has been made due to Canadian Development and Exploration Expenses carried forward. At December 31, 1978 the Company has \$6,516 of Canadian Development and Exploration Expenses which may be used to offset future resource income.

### 4. FOREIGN CURRENCIES

marketable securities and desposits aggregating \$76,805 (1977 - \$75,989) have been converted from foreign currencies to Canadian dollars.

### 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the company to the directors and senior officers for the year ended December 31, 1978 was nil.

### 6. RECLASSIFICATION OF 1977 COMPARISONS

Certain 1977 balances have been reclassified to conform with 1978 presentation.